

## Income Fund

June 2016

Covering the month of May 2016



Fund Manager: Mark Barnett

### Key facts<sup>1</sup>

Mark Barnett	
Morningstar Analyst Rating	
Fund launch date	16 June 1979
Fund size	£5,868.31m
Legal status	UK authorised ICVC
Yield (Z Accumulation share class)	
Historic Yield <sup>2</sup>	3.10%
Income distribution date(s)	31 May 30 November
Accounting period ends	31 March 30 September
Available within an ISA?	Yes
Sector	IA UK All Companies NR

### Market Commentary - update post UK referendum result

The surprise result of the UK referendum vote has led to heightened levels of stock market volatility. This has included some sharp share price falls in certain domestically focused sectors, notably construction, retailers, airlines and financials, including real estate. While there may be some near term downward pressure on domestic earnings as a result of the increased level of uncertainty, the fall in the value of sterling against the US dollar may be expected to lead to some forecast upgrades in sterling terms to earnings derived overseas. Companies perceived to be more defensive and global in nature have seen their share prices hold up relatively strongly.

### Fund strategy

Post the Brexit vote, the fund strategy will remain unchanged from the recent past. The fund manager will continue to favour companies which offer visibility of revenues, profits and cash-flows and which are managed for the primary purpose of delivering shareholder value in the form of a sustainable and growing dividend. Although directionally predictable, the scale of the decline in Brexit-sensitive UK equity sectors has been more severe than the fund manager had expected. As a result, whilst not planning a fundamental shift in sector allocation, he is seeking to identify outstanding value in certain areas suffering the worst of the sell-off.

### Investment objective

The Invesco Perpetual Income Fund aims to achieve a reasonable level of income, together with capital growth. The fund intends to invest primarily in UK companies, with the balance invested internationally. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, unlisted securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Prospectus.

### Performance

							% growth	
	3 months	6 months	1 year	3 years	5 years	5 year ACR*	10 years	10 year ACR*
Fund (Z Accumulation share class)	1.65	-3.26	-3.96	24.68	63.20	10.28	119.96	8.42
Sector	4.40	-0.13	-5.73	15.78	39.33	6.85	71.20	5.68

\* ACR - Annual Compound Return

### Standardised rolling 12-month performance

						% growth
	31.3.11	31.3.12	31.3.13	31.3.14	31.3.15	31.3.16
Fund (Z Accumulation share class)	10.99	19.29	13.97	15.15	-2.21	

**Past performance is not a guide to future returns.** Performance figures are based on the Z Accumulation share class. As this was launched on 12 November 2012, for the periods prior to this launch date, performance figures are based on the income share class, without any adjustment for fees. Performance figures for all share classes can be found in the relevant Key Investor Information Document. Fund performance figures are shown in sterling on a mid-to-mid basis, inclusive of net reinvested income and net of the ongoing charge and portfolio transaction costs to 31 May 2016 unless otherwise stated. The figures do not reflect the entry charge paid by individual investors. Sector average performance is calculated on an equivalent basis. The standardised past performance information is updated on a quarterly basis. Source: Lipper.

## Income Fund

June 2016

Top 10 holdings <sup>1</sup>	%
Reynolds American	5.38
British American Tobacco	4.73
BT	3.74
AstraZeneca	3.72
Imperial Tobacco	3.54
BAE Systems	3.37
BP	3.34
Provident Financial	2.92
Roche	2.54
Capita	2.50
<b>Total top 10 holdings (%)</b>	<b>35.78</b>
<b>Total number of holdings</b>	<b>126</b>

Industry breakdown <sup>1,3</sup>	%
Financials	28.03
Health Care	17.88
Consumer Goods	15.75
Industrials	15.38
Consumer Services	8.87
Telecommunications	4.51
Utilities	4.43
Oil & Gas	3.34
Unit/Investment Trust/Other	1.01
Basic Materials	0.42
Technology	0.34
Cash	0.05
<b>Total</b>	<b>100</b>

Country of investment breakdown <sup>1</sup>	%
United Kingdom	88.39
United States	6.81
Switzerland	2.54
Ireland	0.95
Norway	0.76
Guernsey	0.28
Mauritius	0.12
Cayman Islands	0.09
Cash	0.05
<b>Total</b>	<b>100</b>

Market cap breakdown <sup>1</sup>	%
50bn+	14.34
25bn - 49.99bn	15.14
10bn - 24.99bn	11.78
5bn - 9.99bn	8.54
2bn - 4.99bn	12.37
1bn - 1.99bn	11.86
500m - 999m	12.29
250m - 499m	3.90
100m - 249m	5.88
50m - 99m	1.83
0 - 49m	2.01
Cash	0.05
<b>Total</b>	<b>100</b>

## Five year performance

- Invesco Perpetual Income Fund (Z Accumulation share class)
- IA UK All Companies NR Sector



**Past performance is not a guide to future returns.** The chart shown above should be viewed in conjunction with the 'Standardised rolling 12-month performance' table overleaf.

- All fund portfolio figures within this leaflet are as at 31 May 2016 (source: Invesco Perpetual).
- The Historic Yield reflects distributions declared over the past twelve months as a percentage of the mid-market price of the fund, as at the date shown. It does not include any entry charge and investors may be subject to tax on their distributions. The fund's ongoing charge is charged to capital. This has the effect of increasing the distributions for the year by the amount of the ongoing charge and constraining the fund's capital performance to an equivalent extent.
- The Industry Classification Benchmark is a joint product of FTSE International Limited and Dow Jones & Company, Inc. and has been licensed for use in our industry breakdown.

## Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

The fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of its investments, reduce the costs of investing and/or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the fund. The Manager, however, will ensure that the use of derivatives within the fund does not materially alter the overall risk profile of the fund.

## Important information

Where Invesco Perpetual has expressed views and opinions, these may change. Where securities are mentioned they do not necessarily represent a specific portfolio holding and do not constitute a recommendation to purchase, hold or sell.

For the most up to date information on our funds, please refer to the relevant fund and share class-specific Key Investor Information Documents, the Supplementary Information Document, the ICVC ISA Key Features and Terms & Conditions, the Annual or Interim Short Reports and the Prospectus, which are available using the contact details shown.

Telephone calls may be recorded.

## Contact information

### Client services

Telephone 0800 085 8677  
 Facsimile 01491 416000  
 Email [enquiry@invescopetperpetual.co.uk](mailto:enquiry@invescopetperpetual.co.uk)  
[www.invescopetperpetual.co.uk](http://www.invescopetperpetual.co.uk)

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